

(1) For purposes of the taxes imposed upon the income of estates and trusts and paid by the fiduciary thereof, estates and trusts are classified as either resident or nonresident.

(2) Resident Estate or Trust

(a) “Resident estate” means the estate of an Alabama resident decedent.

(b) A “resident trust” means any trust created: (1) by the will of an Alabama resident decedent or (2) by a person who was an Alabama resident at the time such trust became irrevocable **and** that has a fiduciary or beneficiary that either resides in or is domiciled in Alabama for more than seven (7) months during the respective taxable year.

(c) The fiduciary of a trust is domiciled in Alabama if the individual, or group of individuals, who carry out the fiduciary responsibilities of the trust are located in Alabama. If the trustee is a corporate fiduciary engaged in interstate trust administration, the fiduciary is treated as being domiciled in Alabama if the trustee conducts the major part of its administration of the trust in Alabama.

(d) The fiduciary of a resident estate or trust must file a return: (1) if the estate or trust has net income over \$1,500 for the taxable year or (2) if the estate or trust is claiming a qualifying net operating loss for the year.

(e) Resident estates and trusts must report all income from all sources and are allowed a credit for taxes paid to other states.

(3) Nonresident Estate or Trust

(a) “Nonresident estate or trust” means any estate or trust that does not meet the criteria of a resident estate or trust.

(b) The fiduciary of a nonresident estate or trust must file a return if the estate or trust generates income from Alabama sources.

(c) Nonresident estates or trusts must report Alabama source income in accordance with Section 40-18-14, Code of Alabama, 1975.

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Authority: Sections 40-2A-7(a)(5) and 40-18-29, Code of Alabama 1975

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